



State of Tennessee

Justin P. Wilson, State Comptroller

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Henry County Bookkeeper Took Nearly \$30,000 in Public Funds

A bookkeeper for the Henry County General Sessions Court Clerk improperly took almost \$30,000 in court funds for personal use over a five-year period, an audit by the Comptroller's Division of Local Government Audit has revealed.

Auditors were alerted to the potential problem after General Sessions Court Clerk Mike Wilson reported that some funds that were received in his office by mail were not recorded by the bookkeeper.

That prompted a wider look at the bookkeeper's practices dating from Jan. 1, 2007 through Aug. 22, 2011. Auditors concluded that the bookkeeper pocketed cash paid to the office for court fines, costs and fees, then substituted checks received from other transactions that had not been recorded to reconcile the office's records.

The bookkeeper was fired and the auditors' findings have been shared with the local district attorney's office.

Auditors said the bookkeeper had been allowed to manage all aspects of those fee collections, from the receipt of funds to the deposit and recording of them, which was a contributing factor that allowed the misappropriation of money to continue for such a long time.

Good accounting practices call for multiple employees to share money-handling responsibilities to reduce the opportunities for one individual to steal funds.

The audit also found that the offices of the county register and sheriff also had similar problems with failure to adequately separate money-handling responsibilities, although no funds were unaccounted for in those offices.

"The lack of proper segregation of duties is a common problem in local governments across Tennessee, but it is also one that creates the potential for serious fraud to occur," Comptroller Justin P. Wilson said. "Having more than one employee involved in processing financial transactions sets up a system of checks and balances – what our auditors refer to as 'internal

controls’ – that can prevent the theft of public funds. I encourage other local governments to learn from what happened in Henry County and take appropriate corrective action.”

Among other recommendations, auditors also suggested that Henry County centralize its accounting, budgeting and purchasing operations and set up its own audit committee to review the financial reporting process, internal controls, the audit function and other best practices in financial management.

To view the full report online, go to: <http://www.comptroller.tn.gov/la/SpecialReports.asp>

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